

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 INRE-00 SS-15
NSC-05 USIE-00 CAB-02 CIAE-00 COME-00 DODE-00
DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00 L-03 PRS-01
PA-01 /056 W

-----161123Z 016918 /16

O 161107Z MAY 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 3905

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FOR CAB (SIMMS)

E.O. 11652: N/A
TAGS: EAIR' UK
SUBJ: US-UK CIVAIR NEGOTIATIONS: CURRENCY SIDE LETTER

FOLLOWING FOR COMMENT IS USDEL PROPOSED TEXT FOR
SIDE LETTER RE CURRENCY SURCHARGES, ESTABLISHING
PRINCIPLE THAT LOCAL SELLING PRICES SHOULD BE EQUAL
EX-US AND EX-UK. TEXT IS SHORTER THAN THAT DISCUSSED
IN WASHINGTON, OMITS COMPLEXITY OF DISCUSSION OF IATA
SURCHARGE MECHANISM, AND FOCUSES ON PRINCIPLE OF
EQUAL TREATMENT, DATES AT END ARE NEGOTIABLE. COMMENT:
CONCURRENCE CAB/BE REQUESTED COB 16 MAY. PROPOSED
TEXT FOLLOWS:

"THE UNITED STATES AND UNITED KINGDOM ARE, CONTEMPOR-
ANEOUSLY HEREWITH, ENTERING INTO A BILATERAL AIR
TRANSPORT AGREEMENT GOVERNING THE CONDUCT OF INTER-
NATIONAL AIR SERVICES BETWEEN THE TERRITORIES OF THE
TWO CONTRACTING PARTIES. ARTICLE () OF THAT AGREEMENT
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PROVIDES THE MECHANISM FOR RESOLUTION OF DISPUTES WITH
RESPECT TO TARIFFS. THE TARIFF ARTICLE DOES NOT COVER
ONE MATTER WHICH HAS BEEN OF PRESSING CONCERN TO THE
CARRIERS OF THE UNITED STATES OPERATING OUT OF THE
UNITED KINGDOM; NAMELY, THE CONVERSION OF IATA-AGREED
OR OTHER TARIFF PRICES INTO SELLING PRICES IN LOCAL
CURRENCIES. IN RECENT YEARS, AS THE U.K. POUND HAS

DEPRECIATED IN RELATION TO THE U.S. DOLLAR, THE CONVERSION MECHANISM APPLIED TO TARIFF PRICES TO DETERMINE SELLING PRICES PAYABLE IN POUNDS HAVE FREQUENTLY NOT KEPT PACE WITH THE CHANGING CURRENCY RELATIONSHIPS.

"AS A CONSEQUENCE, U.S. CARRIERS SUSTAIN SIZEABLE DILUTION OF REVENUES ON TRANSPORTATION SALES IN THE UNITED KINGDOM. THE COST OF THIS DILUTION ULTIMATELY MUST BE BORNE BY THE U.S. TRAVELING PUBLIC. MOREOVER, THE LOW EFFECTIVE POUND RATES AND FARES INEVITABLY CAUSE DISTORTIONS OF TRAFFIC FLOWS AND ENCOURAGE MARKETING ABUSES WHICH ARE DIFFICULT, IF NOT IMPOSSIBLE, TO POLICE. THE UNITED KINGDOM. FOR ITS PART, RECOGNIZES THE LEGITIMATE INTERESTS OF THE UNITED STATES IN THE IMPROVEMENT OF THE LEVEL OF CURRENCY SURCHARGES AND AGREES THAT, IN PRINCIPLE, THE FARES PAID IN EACH CURRENCY SHOULD REFLECT ACTUAL CURRENCY EXCHANGE RATES. PENDING FULL IMPLEMENTATION OF THIS GENERAL PRINCIPLE, THE GOVERNMENT OF THE UNITED KINGDOM PLEDGES ITS BEST EFFORTS TO INCREASE, TO THE LEVEL PREVAILING FOR PASSENGER TRANSPORTATION, THE CURRENCY SURCHARGES APPLICABLE TO CARGO SHIPMENTS NO LATER THAN JULY 1, 1977, AND THE SURCHARGES APPLICABLE TO APEX TRAVEL NO LATER THAN SEPTEMBER 1, 1977."

SPIERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, NEGOTIATIONS, AVIATION AGREEMENTS, PRICE CONTROLS
Control Number: n/a
Copy: SINGLE
Sent Date: 16-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON08010
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770173-0112
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770553/aaaabtyw.tel
Line Count: 88
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ac214693-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 14-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2507386
Secure: OPEN
Status: NATIVE
Subject: US-UK CIVAIR NEGOTIATIONS: CURRENCY SIDE LETTER FOLLOWING FOR COMMENT IS USDEL PROPOSED TEXT FOR SIDE LETTER RE CURRENCY SURCHARGES, ESTABLISHING
TAGS: EAIR, UK, US
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/ac214693-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009